

COMMUNICATIONS

(7A)

FROM THE

STATE TREASURER AND CANAL COMMISSIONERS,

ACCOMPANIED WITH A CORRESPONDENCE OF THE

BERKS COUNTY BANK,

IN RELATION TO THE

BALANCE IN THAT INSTITUTION IN FAVOR OF THE STATE,

Read in the House of Representatives, March 27, 1841.

HARRISBURG:

JAMES S. WALLACE, PRINTER.

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1841.

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TREASURY OFFICE OF PENNSYLVANIA, }
Harrisburg, March 12, 1841. }

HON. WM. A. CRABB,

Speaker of the House of Representatives:

SIR:—In obedience to a resolution of the House adopted this day, requesting the State Treasurer “to communicate to the House, the state of the account of this State against the Berks County Bank, and any correspondence he has had with said bank, on the subject of said account,” I respectfully reply, that the amount remaining in the Berks County Bank, to the credit of the Treasurer of the Board of Canal Commissioners, as shown by the books of this department, is \$74,629 77. This amount was transferred to me as Treasurer of the Board, by my predecessor, as constituting part of \$107,483 91 remaining in the Canal Treasury when I came into office. Some time since, I addressed a letter to the President of the Berks County Bank, requesting information as to the probable time when the bank would be able to meet the amount due the Commonwealth, or any part thereof, to which I received an answer, a copy of which, marked A, is herewith transmitted.

Very respectfully,

I have the honor to be,

Your ob't. serv't.

JOHN GILMORE,

State Treasurer.

A.

HARRISBURG, *March 5th*, A. D. 1841.

JOHN GILMORE, Esq.

State Treasurer:

DEAR SIR:—You stated in your letter to me, that the State has in deposit in the Berks County Bank the amount of \$74,629 77. I saw you at your office yesterday, and explained to you that the actual balance due from the said Bank to the State is only \$14,629 77; but before we parted you requested me to give you a statement in writing of the situation of the accounts and transactions between the Board of Canal Commissioners and the said bank.

The said \$74,629 77 was on the books of said bank, placed to the credit of the Treasurer of the Board of Canal Commissioners. Afterwards the said bank became embarrassed in its circumstances, and the whole or the larger part of said money was in danger of being lost to the State; and the Board of Canal Commissioners believing that the interests of the State required that said amount, or as much of it as possible, should be secured to the State, entered into a written contract with Davis H. Dotterer & Co., by which said Dotterer & Co. agreed to make and deliver, for the use of the State, eight locomotive engines for \$7,500 each, amounting together to \$60,000, and for payment of said amount they were to look to the Berks County Bank. Said contracts of the Canal Commissioners, with D. H. Dotterer & Co., were placed in the possession of the said bank; and in consequence of said contracts and agreement, and by virtue of a resolution of the Board of Directors of said bank, the said sum of \$60,000 was charged to the account of the Board of Canal Commissioners, and placed to the credit of D. H. Dotterer & Co., and the same has been paid to said D. H. Dotterer & Co. as follows: The sum of \$11,877, part of said \$60,000, was paid to said firm in cash by said bank on the order of O. F. Johnson, Esq., who acted for and in behalf of the said Board of Canal Commissioners, and the balance of said \$60,000 has been paid to them by checks drawn on said bank, and by transferring to them notes and securities which the bank held against different individuals, with the exception of a few thousand dollars which still remain on deposit to the credit of said Dotterer & Co. Messrs. Dotterer & Co. immediately proceeded to the fulfilment of the said contract on their part, and I understand they are now busily engaged in preparing engines for the State. It is due to the present Board of Directors to state that said contracts and arrangements had been fully made and carried into effect before the said bank came into their hands, and that they never would have consented to take the bank into their hands if they had not understood that the said sum of \$60,000 had been arranged with the State through its agents, the Canal Commissioners; and the strong probability is, that if the Canal Commissioners had not entered into said

arrangement with Dotterer & Co., the said bank could not have been revived, and the whole, or the larger part of said money would have been lost to the State. The present Board of Directors is actively engaged in restoring the credit of said bank, and so soon as they are able they will pay to the State the said balance of \$14,629 77; but at present, if said amount was insisted upon, it would cripple and very much injure the future prospects of said bank. The present Board consists of William Darling, Esq., Hon. William Addams, Elijah Dechert, Henry Flannery, Esq., John Beitenman, Esq., Jos. H. Spayd, Esq., and Henry Connard. Trusting that the foregoing explanation will prove satisfactory,

I subscribe myself,

Yours very respectfully,

ELIJAH DECHERT,

President.

CANAL COMMISSIONERS' ROOM,
Harrisburg, March 26, 1841. }

Hon. WM. A. CRABB,

Speaker of the House of Representatives:

SIR:—In pursuance of a Resolution of the House of Representatives, passed on the 22d inst., requesting the Canal Commissioners to communicate to the House “all the circumstances under which the sum of sixty thousand dollars was drawn from the Berks County Bank and applied to the purchase of locomotive engines—stating whether said purchase and expenditure has been embraced or taken into account in any report made to the House, and also how the said sum of sixty thousand dollars was drawn from the amount lying to the credit of the Treasurer of the Board of Canal Commissioners in said bank.” The Board beg leave respectfully to state that there must be some misapprehension on the part of the House of the facts relating to the subject. In the first place, the Canal Commissioners have never drawn the sum of sixty thousand dollars from the Berks County Bank, nor any part of it, nor have they in any way interfered with the duties of the Treasurer of the Board of Canal Commissioners, upon whose draft alone all money appropriated to the public works is drawn from the bank wherever it may be deposited.

In November last, the Board received a communication from D. H. Dotterer and Co., of Reading, proposing to furnish such locomotives as might be required for the public service, at the usual price, and to receive in payment therefor the drafts of the Treasurer on the Berks County Bank, if the Government could not otherwise dispose of her funds deposited with that institution. By the first section of the Act of the 15th of April, 1834, “the Canal Commissioners are authorized, if they deem it expedient for the public interests, to procure such locomotive engines and tenders for the conveyance of passengers and merchandize as may be necessary for doing the whole or any part of the transportation on the railroads belonging to the Commonwealth.”

In pursuance of this authority the following proceedings were had by the Canal Commissioners on the 7th of November last.

Extract from the minutes of the Board.

“HARRISBURG, Saturday, Nov. 7, 1840.

“The President laid before the Board a communication from the State Treasurer, certifying that the Berks County Bank still stands indebted to the Commonwealth on account of the late loan, nearly seventy-five thousand dollars, which sum is not available by reason of the inability of said bank to meet its engagements: and also a communication from D. H. Dotterer & Co., proposing to furnish locomotive engines of the first class at the same price that similar engines can be procured in Philadelphia, and to receive in payment

therefor drafts on the said Berks County Bank, or the bills of said institution at par, at the option of the Government—together with letters from the superintendents of motive power on the Pennsylvania railroad, stating that several engines were required to properly transact the business on the said railroads.

“Which were read and considered,

“Whereupon, on motion, it was

“Resolved, That the superintendent of motive power on the Columbia and Philadelphia railroad be directed to enter into contract with D. H. Dotterer and Co., of Reading, for four new locomotive engines of the first class, with the necessary fixtures complete, conditioned for the payment of seven thousand five hundred dollars for each, in drafts on the Berks County Bank, or the bills of said institution at par, at the option of the Treasurer of the Board of Canal Commissioners.

“Resolved, That the superintendent of motive power on the Portage railroad be directed to enter into contract with D. H. Dotterer and Co., of Reading, for four new locomotive engines of the first class, with the necessary fixtures complete, conditioned for the payment of seven thousand five hundred dollars for each, in drafts on the Berks County Bank, or in the bills of the said institution at par, at the option of the Treasurer of the Board of Canal Commissioners.”

The foregoing is the only action that the Canal Commissioners have had on this subject, by which it will at once be seen that they have done no more than enter into a contract for locomotives, in pursuance of the Act of Assembly—the contractor binding himself to receive in payment at par, a part of the uncurrent funds lying in the Treasury, if the Commonwealth could not sooner dispose of them on terms equally advantageous.

This course was deemed a measure of prudence, inasmuch as it furnished additional security to the State for a portion of her funds, which at the time was deemed in jeopardy by the public as well as the officers of Government. It could do no harm, because if those funds could be made available sooner, there was nothing in our action to prevent it, nor could there be, because we had no such authority.

The entire balance of the loan taken by the Berks County Bank which was unavailable during the past year, so far as this Board are informed on the subject, remains on deposit in that institution, subject as heretofore to the draft of the State Treasurer, who is *ex-officio* Treasurer of the Board of Canal Commissioners. If it is not yet available, the fault is not chargeable upon us. The only tendency of our action upon the subject being to multiply the chances of bringing about that result.

I have the honor to be,

Very respectfully,

Your obt. serv't.

EDW. B. HUBLEY,

President.

